

Palomar Reserve Council of Co-Owners

Board Of Directors Meeting

4/20/2026

The monthly meeting of the Palomar Reserve Council of Co-Owners Board of Directors was held on 4/20/2026. The following personnel were in attendance:

- Carrie Hoeller (President)
- Dexter Sprandling (Vice President)
- Baxter Napier (At-Large Member)
- Barry Tilden (Secretary)
- Ima Lane (At-Large Member)
- Ann Wesley (Property Manager)
- Donna Frazier (CH/Grnt/Wel committee)
- Rosemary McCrady (homeowner guest)

Approval of Minutes of Previous Board Meeting. The meeting minutes from the monthly Board meeting held on 3/16/2026 were reviewed. Carrie moved for approval of the minutes, and Baxter seconded the motion. The motion was approved.

1. Financial Report. Ann presented the monthly HOA financial reports for March 2026.

a. Balance Sheet

- The total reserve account was approximately \$90.2K at the end of March. (~\$26.8K and \$25.3K in higher interest CDs and the rest in a lower interest savings account.)
- The operating account was around \$6.9K at the end of March.
- The balance on the clubhouse loan was at \$140.1K at the end of March after the loan was refinanced on March 12th. The new refinanced loan amount was initially set at \$144K because there was uncertainty about when the loan refinancing would occur. After paying off the Wes Banco loan (\$136.1K) and rolling in the remaining loan closing costs (\$5.2K), there was \$2.7K left in funds from the initial \$144K. This \$2.7K was applied to the principal of the new loan bringing it down to \$141.3K after closing. Since closing, the \$860 from the December chocolate raffle and \$325 from CH rentals in late February and early March were applied to the principal of the loan. This brought the end of March loan principal balance to \$140.1K.

b. Profit & Loss –

- The HOA income exceeded expenses by \$0.9K during the month of March. In addition to “expenses,” we paid \$1.2K in March for principal for our clubhouse mortgage and \$5.2K in closing costs for the loan refinance. So, total expenditures of the HOA in March were \$5.5K more than total income.
- HOA income overall was ~\$200 under budget in March. General assessment HOA dues collected were \$300 under budget and late fees/other income was \$100 above budget. Other income included \$100 in CH rentals and \$50 reimbursement for replacement of a mailbox key.
- Utilities were \$2.4K over budget in March with electric being the largest contributor to the overage.
- Repairs and Maintenance expenses were \$1.5K under budget in March. The largest contributor was the \$900 that was budgeted for annual extermination costs during March, but this will not be spent until later (i.e. a timing issue rather than true savings).

- Administrative, Supplies and Landscaping/Grounds expenses were very close to budget in March.
- c. Profit & Loss Budget Vs Actual YTD. At the end of March 2026, several Year-To-Date expense categories were over or under budget as shown in the table below -

Expense Category	Amount Over Budget	Comment
Income	\$1100 over	Caused by collection of parking contribution from FA church in January and the December chocolate raffle.
Administrative	--	Very close to budget.
Utilities	\$3100 Over	Primarily higher electric bills.
Repairs and Maintenance	\$1400 Under	Mostly caused by the \$900 extermination fee budgeted for March but not spent yet.
Supplies	\$200 under	Timing of supplies purchases.
Landscaping and Grounds	\$ 3300 over	January/February snow removal higher than budget.

d. Open Invoices –

- The report shows that there are 4 past due accounts for Palomar Reserve HOA at the end of March, totaling ~\$3.2K. This has increased by ~ \$600 since last month.
- \$2.9K of this total is against a single account that has been delinquent since May 2023 (). The owners made no payments in March. Ann has contacted our attorney and begun foreclosure proceedings against this unit. This process will cost the HOA around \$10K for legal fees and filing fees but all money spent to collect past due accounts is added to the amount owed by the delinquent homeowner. Therefore, the HOA will recover these costs once the foreclosure is complete.
- One unit () continues to owe a late fee of about \$43. Another unit () still has not paid their fine of \$90.
- One unit () consistently pays slightly less than the amount associated with their unit's square footage and therefore, their past due amount increases slightly every month. It is currently at ~\$216.

2. Old Business.

- a. Elevator capital improvement plan. The Original Equipment Manufacturer (OEM) for our elevators has informed customers that they no longer support parts for our elevators. This has made it difficult to obtain parts, including a long lead time for obtaining such parts. To correct this issue, the OEM is recommending an elevator modernization program that would replace major portions of the elevators with parts that are supported by the OEM. Unfortunately, this option costs about \$90K per elevator. This issue was discussed in detail during the March 16th Board meeting, including discussions with Mark Sharp, a representative of DC Elevator. See those meeting minutes for a complete discussion of this issue. At that meeting, the option that seemed most promising was to purchase a reasonable supply of key parts for the elevators now, while they can still be purchased. We

would then store these parts in a safe, secure location as a contingency against future failures of the elevators. Since last month's meeting, Mark Sharp developed a recommended list of parts that he believes would be needed for this strategy and their cost. Ann sent a copy of Mark's recommendations to Barry for review. Barry will communicate directly with Mark if he has questions. Barry will report to the Board once his review is complete.

- b. Elevator Dialers. Ann distributed a quotation from KingsIII Emergency Communications company for replacement of elevator analog phones with dialers. The quotation included free installation of the dialers and no equipment costs if the HOA agrees to a one-year contract for KingsIII to monitor the dialer calls. They would charge \$73.50/month for this service for each of the five elevators (total of \$367.50). After the first year, the contract would renew month by month unless canceled. We are currently paying Windstream about \$523 per month for the five analog phone lines in our elevators and this cost has been going up significantly each year. Carrie moved that we replace the current analog phone lines in the elevators with dialers from KingsIII. Ima seconded the motion and the motion carried with no dissenting votes. Ann will get the process started to replace the phone lines.
- c. Elevator maintenance plan. As discussed at last month's Board meeting, Ann has started the process to change our contract for elevator maintenance to the second tier maintenance contract (\$825/month) and save about \$325 per month against the elevator maintenance budget. This new contract includes trouble calls at no additional cost during normal working hours only. The HOA will still require DC Elevator to respond to trouble calls on nights and weekends, but we would pay separately for these trouble calls.
- d. Bylaws revision. The Bylaws revision is complete and uploaded to the Palomar Reserve website under the Documents tab.
- e. Magnolia trees scraping in front of building 4205 and 4218. Ann spoke to Caudill again and they will trim these trees very soon using their 20-foot pole and clippers. [The day after the meeting, these trees were clipped by Caudill.]
- f. Spring Newsletter was distributed a few days after last month's Board meeting.
- g. Dumpster rental. The Republic dumpster was removed on 3/31/26 and the new Rumpke dumpster was delivered early the next day. This new dumpster rental contract will save the HOA about \$100/month for the remainder of the year.
- h. Refinancing the clubhouse loan. The payoff balance on the Wes Banco CH loan was listed as around \$136.1K in the loan refinance paperwork. Barry and Carrie both thought that this payoff balance was higher than expected given that the HOA Balance Sheet showed that the principal amount on the loan was around \$132.7K at the end of February. Ann contacted Wes Banco and obtained a complete accounting of the payoff amount and all transactions since September 2025. Based on this information, we discovered that last month and for several months previous, the balance sheet and meeting minutes showed an incorrect amount for the balance on the CH loan. Because we received no transactional information from Wes Banco after October last year, Ann's finance department had to make some assumptions about how monthly payments were divided between principal and interest. This situation lasted from October 2025 until February 2026. (Inability to get statements from the lender was one of the reasons the HOA refinanced the loan.) By overestimating how much each monthly payment contributed to reducing principal, the

Balance sheet for February showed the loan balance to be \$132.7K when that balance was actually \$134.8K. The mortgage payment for March (interest only) was \$1120 and this was included in the payoff amount. This brought that figure up to about \$135.9K. Wes Banco balanced the account by giving us a check for \$147.40 which will be applied to the new loan principal next month.

- i. Drier vent cleaning update. The drier vent cleaning for 23 units is scheduled for April 27th for units in 4248 and on the 28th for the other units. The cost to clean the vents will be \$75/unit with additional charges for replacement of vent cover or hose if needed.

3. Committee reports

- a. Future grant committee. Ann will obtain an updated quote from Kodiak for the concrete sidewalk work in front of 4218.
Carrie has contacted Andy from Cutting Edge and arranged for the CH drainage improvement work to be done the first week of May. Carrie asked Ann to have the CH spigot in the back of the building turned on so that we can water newly planted grass seed. Baxter will lend the HOA a sprinkler to use during this time when lawn watering behind the CH is needed.
The Board briefly discussed potential jobs for the 2027 grant application (due in August). Barry suggested repair/replacement of CH patio cement once the drainage improvement task prevents pooling on patio surfaces. He also noted that two of the black fence posts in the front of the property need to be replaced at some point. Donna suggested that we replace some of the sidewalk sections on other buildings, similar to the work planned for 4218. Board members were encouraged to think about this and solicit ideas from homeowners.
- b. Clubhouse promotion committee. The Spring Cleanup event and pot luck that was scheduled for April 18th was postponed to the 25th due to rain. The Board decided that the event would be held on the 25th regardless of weather. In case of rain, only indoor activities would be done and the outdoor activities would be moved to another date. Donna reported that we have collected over \$900 from the Spring chocolate raffle so far. This amount includes one very generous donation of \$500 from an anonymous source. Board members were encouraged to think of new ideas for fund raisers since we have done a lot of chocolate raffles lately.
We also discussed the derby party on the first Saturday in May. The CH television has been tested with both a rabbit ears and an Amazon Fire stick and both work for televising the derby. This will be a community event with no fund raising involved.
- c. Garden committee. Donna (reporting for Becky) stated that they would be getting a group together to purchase both annuals and perennials for the flowerpots with the goal of getting these pots planted shortly after the first weekend in May.
- d. Welcoming committee. Donna reported that the committee plans to welcome one new renter in 4248 in the upcoming days.

4. New Business.

- a. Foreclosure of past due unit. See discussion under paragraph 1.d above.

- b. New reserve requirements. Ann reported that she has learned that new requirements will take affect in 2027 from Fannie May and Freddie Mac. These government sponsored companies that purchase home loans will require HOAs to increase the amount they transfer to their reserve fund each month from 10% to 15%. If the unit being purchased is in an HOA that does not meet these new requirements, the buyer may be denied a home loan associated with these loan companies. We currently meet the 10% requirement but would have to increase our monthly contribution by about \$1200¹ (\$20 per unit on average) to meet the new requirement. Ann will continue to follow this new requirement for more detailed information.
 - c. Sprinkler inspection. Ann said she is working to get the sprinkler inspection scheduled for mid-May. It was pointed out that this will be the first inspection under the new Rule that results in a \$300 fine for failure to provide access to a unit for a sprinkler inspection. Advance notice of the inspection and numerous postings throughout the property will be needed.
 - d. Fire extinguisher inspection. Ann noted that our fire extinguishers are due for inspection and she will have her maintenance staff collect these, take them to a shop where the inspections are performed and return them to their designated locations. The Board thought that the only extinguishers around our properties were the ones in each elevator equipment room and the one in the CH kitchen.
 - e. Reinvestment of reserve fund CDs. The 2 reserve fund CDs will mature soon. The CD with \$26.5K in it (3.92% interest rate) will mature on May 11, while the other CD (\$25.3K, 3.63% interest rate) will mature on July 14. If there is a better interest rate for one CD over \$50K versus two CDs, Carrie will roll over the \$26.5K CD into our Reserve savings account until July and then renew both CDs together. If there is no interest rate advantage for combining these two into one account, Carrie will renew each of them in new CDs with a similar maturity period and the best interest rates available at Republic Bank at the time of renewal.
 - f. Carrie asked Ann to send a note to a unit owner in 4235 who violates the Rules and Regs by parking more than one vehicle in front of their building and having a vehicle without a valid license parked as well.
5. Adjourn. The next Board meeting will be held at 4:00 on 5/18/26 in the clubhouse. The meeting was adjourned at 6:00 PM.

¹ Assumes a 10% increase in HOA dues for 2027.